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Statement on

SB 281, AN ACT CONCERNING VARIOUS REVISIONS TO THE PROPERTY TRANSFER LAW and SB 293, AN ACT ESTABLISHING A RELEASE-BASED PROPERTY REMEDIATION PROGRAM

SUPPORT

Submitted to the Joint Commerce and Environment Committee Hearing

March 5, 2020

By
Connecticut REALTORS®

Connecticut REALTORS® (CTR) submits this testimony in **SUPPORT** of **SB 281, AN ACT CONCERNING VARIOUS REVISIONS TO THE PROPERTY TRANSFER LAW and SB 293, AN ACT ESTABLISHING A RELEASE-BASED PROPERTY REMEDIATION PROGRAM**. CTR represents over 17,000 members involved in all aspects of real estate in Connecticut. CTR's members work with many thousands of buyers, sellers, landlords and tenants annually.

The proposed legislation is two bills making substantial changes to the Transfer Act. The first, **SB 281, AN ACT CONCERNING VARIOUS REVISIONS TO THE PROPERTY TRANSFER LAW**, would implement the recommendations of the Transfer Act working group. This group was formed by Public Act 19-75. Its charge was to convene a working group to examine the Transfer Act and recommend potential legislative changes. The working group reported its findings and recommendations to the committees on February 25, 2020. Additionally, **SB 281** would establish a release-based property remediation program to eventually replace the Transfer Act requirements in Connecticut.

SB 293, AN ACT ESTABLISHING A RELEASE-BASED PROPERTY REMEDIATION PROGRAM is legislation that would also establish a release-based property remediation program to eventually replace the transfer act requirements. It is the same language as outlined in section 6 thru 11 of **SB 281**.

When the working group first convened to develop this proposal, it split into two subcommittees. One addressed the term “establishment” and which types of properties and business should be addressed by the act. The second committee dealt with the term “transfer” and reviewed the exceptions to the Transfer Act under the definition outlined in Connecticut General Statutes Section 22a-134.

The recommendations of the two work groups are as follows:

- The Establishment Subgroup recommended limiting the obligation to investigate and remediate multi-tenant properties to only that portion of the property where there had been an establishment. Currently in multi-tenant properties, the activity of a single tenant subject to the Act requires the investigation and remediation of the entire parcel of property. The new language in **SB 281** would limit the extent of investigation and remediation to “where hazardous waste is or was recycled, reclaimed, reused, stored, handled, treated, disposed of or transported...” Similarly, in the context of a commercial condominium, the subgroup recommended limiting the obligation to investigate and remediate to that unit where an establishment was located. As currently drafted, every unit in a commercial condominium is required to investigate and remediate the condo, if one unit is an establishment.
- The Transfer Subgroup recommended revising the foreclosure exception to incorporate various foreclosure sections and procedures in other statutes. The subcommittee also recommended revising the brownfields exception to consolidate brownfield redevelopment program exceptions into one easy-to-follow subparagraph, including various brownfields programs created by statute. The subcommittee further recommended exempting individual unit owners transferring individually owned units in a residential common interest community that meets the definition of an “establishment” from any obligation to comply with the Transfer Act and updating other related sections.

The subcommittee recommended clarifying the nonprofit exception to make clear that any transfer ordered by a bankruptcy court and any transfer from a municipality to a nonprofit is exempt from the definition of “transfer of an establishment” as well. The group also recommended updating certain corporate exceptions and deleting other exceptions.

To conclude, CTR urges the adoption of the recommendations outlining the Transfer Act report and drafting in sections 1 thru 6 in **SB 281**. However, the recommendations contained in section 6 thru 11, which is the same as the language as the whole of **SB 293**, call for replacing the Transfer Act in favor of establishing a release-based property remediation program. First, CTR believes to bifurcate the issue is preferable. Implementing the Transfer Act working group recommendations to continue the progress we have made on reforming this issue and if a released-based system were to be adopted, as a separate bill (**SB 293**), is the appropriate method for enactment.

Further, while CTR applauds the idea of a released based system, rather than a transfer state that adversely impacts real estate investment in Connecticut, it must be addressed carefully with keen attention to detail. Without robust regulations in place that would clearly set out the obligations to report historical releases, and clearly explain how to perform and complete the regulations, this program will sow confusion and again stifle investment in Connecticut. We strongly urge the committees to ensure that no new program is effective until the entire program is better defined, through a process that involves all stakeholders.

CTR welcomes the opportunity to continue work with members of the committee to incorporate any additional improvements to the proposals. Thank you for your attention to this important matter.

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